



A REPORT  
TO THE  
ARIZONA LEGISLATURE

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NOV 16 2005

CITIZENS CLEAN ELECTIONS  
COMMISSION

Financial Audit Division

Procedural Review

# Citizens Clean Elections Commission

As of July 19, 2005



STATE OF ARIZONA  
OFFICE OF THE  
**AUDITOR  
GENERAL**

Debra K. Davenport  
Auditor General

AGENDA ITEM VIII



DEBRA K. DAVENPORT, CPA  
AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
AUDITOR GENERAL

WILLIAM THOMSON  
DEPUTY AUDITOR GENERAL

October 11, 2005

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CITIZENS CLEAN ELECTIONS  
COMMISSION

Marcia J. Busching, Chair  
State of Arizona  
Citizens Clean Elections Commission  
1616 West Adams Street, Suite 110  
Phoenix, AZ 85007

Dear Ms. Busching:

We have performed a procedural review of the Commission's internal controls in effect as of July 19, 2005. Our review consisted primarily of inquiries, observations, and selected tests of internal control policies and procedures, accounting records, and related documents. The review was more limited than would be necessary to give an opinion on internal controls. Accordingly, we do not express an opinion on internal controls or ensure that all deficiencies in internal controls are disclosed.

Specifically, we reviewed cash receipts, cash disbursements, and payroll.

As a result of our review, we noted the following deficiency in internal controls that the Commission's management should correct to ensure that it fulfills its responsibility to establish and maintain adequate internal controls. Our recommendation is described below.

The Commission should strengthen  
controls over cash receipts

Since cash receipts can be easily lost, stolen, or misused, it is essential that the Commission have effective internal controls over cash receipt transactions. However, the Commission did not have effective procedures to properly control and safeguard cash receipts. Specifically, the Commission did not issue cash receipt forms in sequential order. Also, the Commission did not ensure all monies received were deposited by reconciling the mail log and receipts issued to monies deposited. In addition, the Commission did not deposit cash receipts timely. For example, for five cash receipts tested, four were deposited between 8 and 25 business days after being received. Furthermore, the Commission did not reconcile its change fund or maintain it at a fixed amount.

To help control and safeguard cash receipts, the Commission should implement the following procedures:

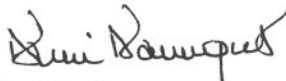
- Issue prenumbered cash receipt forms in sequential order.

- Reconcile daily issued cash receipt forms, and the mail log, to monies deposited. Differences should be investigated and corrected promptly and a supervisor should review and approve the reconciliation.
- Deposit cash receipts daily when total receipts exceed \$500 or at the end of each week.
- Reconcile the change fund daily and maintain the fund at a set amount. Differences should be investigated and corrected promptly and a supervisor should review and approve the reconciliation.

This letter is intended solely for the information and use of the Commission and is not intended to be and should not be used by anyone other than the specified party. However, this letter is a matter of public record, and its distribution is not limited.

Should you have any questions concerning our procedural review, please let us know.

Sincerely,

A handwritten signature in dark ink, appearing to read "Debbie Davenport", written in a cursive style.

Debbie Davenport  
Auditor General

Janet Napolitano  
Governor

Todd Lang  
Executive Director



Marcia J. Busching  
Chair

Kathleen S. Detrick  
Ernila Jolley  
Tracey A. Bardorf  
Gary Scaramazzo  
Commissioners

State of Arizona  
Citizens Clean Elections Commission

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October 5, 2005

Debbie Davenport, Auditor General  
Office of the Auditor General  
2910 N 44<sup>th</sup> Street, Suite 410  
Phoenix, AZ 85018

Dear Ms. Davenport:

Transmitted herewith is the Commission response to the recommendation formulated by the Auditor General and general comments to be considered by the readers of this report.

I want to compliment your staff for their thorough efforts to understand the complex provisions of the Act.

Sincerely,

Todd Lang  
Executive Director  
Citizen Clean Elections Commission

## Citizens Clean Elections Commission Procedural Review

Recommendation 1: Commission should strengthen controls over cash receipts.

- The finding of the Auditor General is agreed to and the recommendation will be implemented. Commission will conduct additional staff training regarding proper use of cash receipt forms; reconcile daily cash receipts to mail log and deposits.